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ABSTRACT

Noting that out-of-school time and community school initiatives are operating in a rapidly changing policy context and that tobacco settlement funds provide a flexible, significant inflow of new state revenue, this strategy brief provides policymakers, community leaders, and program developers with background information on the tobacco settlement revenues and the policy decisions that each state must make to manage and allocate the funds. The brief also includes strategies that out-of-school time and community school leaders can use to access tobacco settlement revenue and highlights examples of how states are allocating tobacco settlement dollars to support school-age children and youth. Policy decision points for states are discussed in the following areas: (1) management/governance structure; (2) spending versus saving tobacco settlement revenue; and (3) substantive allocation of the revenues. The brief presents four strategies for accessing tobacco settlement funds: (1) making the case for tobacco funds to support out-of-school time programs; (2) accessing tobacco dollars to fund other supports and services for school-age children and youth; (3) using tobacco funds to build infrastructure; and (4) joining with others to influence decisions on how revenues are spent. For each strategy, examples of programs in various states are described. The brief concludes with contact information for additional organizational resources. (KB)

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Strategy Brief

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TOOLS FOR OUT-OF-SCHOOL TIME AND COMMUNITY SCHOOL INITIATIVES

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Adapting to Changing Conditions: Accessing State Tobacco Settlement Revenue for Out-of-School Time and Community School Initiatives

Strategy Brief

By Carol Cohen and Victoria Wegener

Out-of-school time and community school initiatives are operating in a rapidly changing policy context. The rapid growth in federal funds supporting community school efforts, reforms in health care and education, and the upcoming reauthorizations of the Temporary Assistance for Needy Families (TANF) block grant and the Elementary and Secondary Education Act, all affect the prospects for long-term sustainability of these initiatives. Critical to the success of out-of-school time and community school initiatives will be their ability to adapt to a changing fiscal and policy context and to position their initiatives to respond to state and local decision makers' priorities.

As a large new funding source for states and communities, tobacco settlement revenues are one such factor to significantly shape the context for out-of-school and community school initiatives. Since December 1999, states have begun receiving payments from the tobacco industry that are projected to total $250 billion over the next 25 years. Decision making on the management and allocation of the tobacco settlement revenues began in most states during their 1999 and 2000 legislative sessions and can be expected to be the subject of continuing annual decision making in most states. Several states have not completed their initial decisions on allocation of the tobacco settlement funds, and even among those that have, funding priorities and allocation mechanisms may change over time. Therefore, it is important that policy makers, community leaders, and program developers understand how these decisions are being made in their state, and by whom, in order to take advantage of this potential source of funding.

Tobacco settlement funds provide a significant inflow of new state revenue that can be used very flexibly, making this an unprecedented opportunity for states to think about new approaches to funding supports and services for school-age children and youth. The flexibility of these dollars permits states to potentially fund both out-of-school time programs[1] and a range of other supports and services such as health care and smoking prevention and cessation—which are often provided in community schools. In addition, states may choose to use these funds to build system-wide infrastructure to support the sustainability of children and youth programs and services. Furthermore, the long-term nature of this funding stream provides opportunities for policy makers and community program leaders to position out-of-school time and community school initiatives for funding over time.

This strategy brief provides policy makers, community leaders, and program developers with background information on the tobacco settlement revenues and the policy decisions that each state must make to manage

[1] *We define out-of-school time programs to include extended learning programs and services for school-age children (ages 5 to 18) during non-school hours—before and after school, on weekends, on holidays, and/or over the summer. A variety of services are provided in these programs, including academic enrichment, school-age care, youth development, recreation, and mentoring. Programs can be located within a school, recreational facility, community center, library, faith-based organization, or at a facility of a community-based provider.*

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and allocate the funds. It also includes strategies that out-of-school time and community school leaders can use to access tobacco settlement revenue and highlights examples of how states are allocating tobacco settlement dollars to support school-age children and youth.

Background on the Tobacco Settlement Revenues

In 1994, a number of states filed lawsuits against tobacco manufacturers seeking reimbursement for their Medicaid and other smoking-related health costs. On November 23, 1998, the Attorneys General of 46 states, the District of Columbia, and several other U.S. jurisdictions[2] signed an agreement with the five largest tobacco manufacturers[3] known as the Master Settlement Agreement. This agreement settled the states' cases with large cash payments in exchange for the states relinquishing any and all future claims seeking damages for tobacco-related medical expenses. The tobacco industry had previously reached similar separate agreements with the four other states.[4]

As a result of these agreements, the states will receive annual payments from the tobacco companies that are expected to total approximately $250 billion over the next 25 years.[5] However, considerable uncertainty exists about the precise amounts that states will receive in the future. Under the Master Settlement Agreement, the total annual payments to be paid by the tobacco industry are based on a complex calculation, including, among other factors, the consumer price index and the amount by which domestic tobacco production declines. As these factors vary over time, so will the amounts that each state can expect to receive based on its share of the total.[6] Nevertheless, the projected payments can be expected to add significantly to state resources.

Policy Decision Points for States

State and local policy makers have many decisions to make concerning the tobacco settlement revenues. These range from how the funds will be managed to which specific programs will be funded in a particular year. Each of these decisions directly affects the ability of out-of-school time and community school initiatives to tap this funding source. How these decisions are made differs in every state, so it is critical to be aware of and follow the decision process in your state and, when appropriate, at the city and county level.[7] Some of these decisions may have already been made in your state, while others may be under debate, or may arise in the future. No matter where your state is in the decision making process, the key is to learn this information now.

A few states have yet to completely decide how to allocate the tobacco settlement dollars.

- Missouri and Pennsylvania will probably defer decisions until the 2001 legislative session.
- In November, voters in Arizona, Arkansas, Montana, Oklahoma, and Utah passed ballot measures on how tobacco funds should be managed and allocated. Oregon citizens voted against two ballot measures that proposed allocating tobacco funds to finance health programs.

[2] *Puerto Rico, the U.S. Virgin Islands, the Northern Mariana Islands, and Guam.*

[3] *Brown & Williamson Tobacco Corporation, Lorillard Tobacco Company, Philip Morris Incorporated, R. J. Reynolds Tobacco Company, and Ligget & Myers.*

[4] *Florida, Minnesota, Mississippi, and Texas.*

[5] *For estimates of tobacco settlement payments to the states, see http://tobaccofreekids.org/research/factsheets/pdf/0069.pdf.*

[6] *Each state's annual allotment represents a fixed share of the total payments. The state shares are based on a formula that accounts for each state's total historical health spending.*

[7] *In California and New York, the settlement agreement directs a percentage of the payments directly to cities and counties. California divides tobacco settlement funds as follows: 50 percent to the state for appropriation, 40 percent to the 58 largest counties by population, and 10 percent divided evenly among the cities of Los Angeles, San Diego, San Francisco, and San Jose. The state's 50 percent was deposited in the General Fund and not earmarked. New York divides tobacco settlement funds as follows: 50 percent to the state, 27 percent to New York City, and 22 percent to be distributed by formula to the state's other 57 counties.*

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STATE POLICY DECISIONS REGARDING TOBACCO SETTLEMENT REVENUE

Decisions on the disposition of the tobacco settlement revenues are taking place within state (and, sometimes, local) policy making processes. State policy makers must take a number of actions to ensure receipt of their share of the tobacco settlement revenues and to decide on the ultimate allocation of the funds. To address these issues, state policy makers need to:

A. **Establish the financial arrangements and governing mechanisms** that determine where the monies are held and who has control over them. For example, states may choose to create a trust fund, endowment, or foundation to manage the revenues, or simply to manage them as part of the general fund.

B. **Decide how much to spend and how much to save.** The nature of this new revenue stream presents policy makers with a tradeoff between spending the revenues today, saving the monies—and accruing investment earnings by doing so—for the future, or doing some of each.

C. **Make the substantive decisions on how the revenues will be allocated.** The bottom-line question for many is how the tobacco settlement revenues will be spent—that is, what purposes, programs, services, or projects will be funded with the money.

While these policy decisions are conceptually distinct, in practice they are often intertwined. For example, the establishment of a trust fund may be accompanied by rules governing the amounts that will be spent, the purposes for which funds can be expended, and who is authorized to make the allocations. Thus, while decisions on the substantive allocation of the revenues are clearly important to the funding of out-of-school time or community school initiatives, choices concerning management/governance structures and saving versus spending also have implications for the extent to which these programs will benefit.

As noted above, many states have already made their initial decisions about a structure for managing and governing the tobacco settlement revenues. Nevertheless, it is important to understand the range of choices that have been or may be considered, and their potential benefits and drawbacks.[8] The following section describes the different decisions that states can make in managing, saving versus spending, and allocating tobacco settlement dollars and discusses considerations for the various options.

A. Decisions on management/ governance structure

States are using a variety of financial arrangements to manage the tobacco settlement funds. Nearly all of the states are choosing to segregate these funds to some extent, and the most popular choice has been to establish trust funds for some or all of the money. The most common mechanisms for managing and disbursing the settlement monies and their key features are described in this section. The choice of a management structure determines who will control the tobacco settlement revenue allocations; this will impact to whom out-of-school time and community school leaders will need to make the case for accessing these funds.

Trust funds. Trust funds are separate accounts in the state treasury. Decisions on funds received or expended by trusts are generally made through legislative appropriation. The purposes of a trust tend to be

[8] *Adapted from: Using Tobacco Settlement Revenues for Children's Services: State Opportunities and Actions by Lee Dixon, Patrick Johnson, and Nicole Kendell, National Conference of State Legislatures and Carol Cohen and Richard May, The Finance Project, October 1999.*

broadly defined. Whereas other financial management mechanisms may be designed to preserve all or a portion of the funds for investment purposes, the principal in a trust typically—but not always—is available for expenditure.

Endowments. Endowments are similar in structure to trust funds. However, endowments tend to be more permanent, in that a base amount of principal is usually preserved, and only the interest earned on this base is expended. Boards are often chosen to set priorities for and manage the expenditure of funds from an endowment. Because these boards can have an important influence on the ultimate use of endowment funds, community leaders and program managers will want to be mindful of the make-up of these boards.

Foundations. Foundations are independent nonprofit, philanthropic entities that receive and disburse funds according to their charter. Foundations operate outside the legislative process and answer only to the entity outlined in their charter.

WHERE TO BEGIN

For more information on the status of tobacco settlement funds in your state, check the following resources:

- State legislature
- Governor's office
- Center for Social Gerontology's website tracks tobacco settlement legislation in each state: http://www.tcsg.org
- Advocacy organizations such the Center for Tobacco-Free Kids and the Children's Defense Fund can provide information on key advocacy organizations in your state: http://tobaccofreekids.org/ and www.childrensdefense.org
- The National Conference of State Legislatures' Health Policy Tracking Service is monitoring state tobacco settlement legislation and activities in each state: www.ncsl.org/programs/health/tobacco.htm

General Fund/Other Existing Funds. Rather than creating new financial structures for managing tobacco settlement funds, several states—including Connecticut, New Hampshire, New Jersey, and Vermont—are placing tobacco settlement revenues in the General Fund or other existing funds. In general, this option places these monies under the same rules as other monies in the fund (i.e., expenditures are typically determined through the regular appropriations process), although some states have put special restrictions on the tobacco dollars.

Considerations:

- Endowments and foundations tend to be more permanent, while the terms of a trust fund may be more easily altered. If the discussion of tobacco settlement revenue allocations in your state is favorable to funding out-of-school time and community schools, then a more permanent structure may be advantageous. If the current environment is not favorable, then establishment of a trust fund may allow decisions on permissible uses of the funds to be revisited in the future.
- Separating the funds through a trust fund, endowment, or foundation allows them to be more easily earmarked for specific purposes or uses. This strategy can protect against the funds being mingled with other resources and used for general purposes such as roads or tax relief. However, even when trust funds or other structures are established with purposes that are favorable to out-of-school time and community school initiatives, advocates will need to be vigilant that the funds are actually used for these purposes and not diverted to other uses.
- If your state legislature is sympathetic to out-of-school time and community school programs, then a trust fund or general fund approach where decisions are made through the appropriations process may be advantageous. If the legislature is not favorably inclined to these programs and approaches, then it may be better to advocate for an option with an independent governing body where you can influence who is selected for that body.

- Establishing an endowment indicates the intent to preserve some or the entire fund's principal, while the choice of other structures may imply that the revenue will be spent as it is received. The trade-offs in spending versus saving the revenue are discussed below, but the choice of a management/governance structure will often be accompanied by decisions on spending versus saving.

B. Decisions on spending versus saving tobacco settlement revenue

States have the choice of spending the tobacco settlement revenues as they are received, saving them, or doing a combination of both. Through such choices, a state can dramatically affect the amount and availability of revenues.[9]

There is an inevitable trade-off between spending more now and less later and spending less now and more later. Spending the payments as they are received obviously allows states to direct these resources to meet current needs. On the other hand, saving some or all of the payments and investing them allows the body of funds to accumulate and compounds the returns that can be earned. This approach results in a state having less money to spend now and a greater total amount to spend later, compared to what would be available if the funds were spent as they were received. However, investment earnings from tobacco funds can provide a spending source that in and of itself may be enough to support some programs.

Some states have also considered issuing bonds backed by the settlement payments. In this approach, a state would get its entire amount of settlement funds at once by issuing bonds that would be repaid out of future payments. Here, the state would receive a reduced amount of money in exchange for taking its payment as a lump sum up front. This approach presents the state with the option of spending even more of the settlement money now than would otherwise be possible.

Considerations:

- The terms of the tobacco settlement agreement present a risk for states, since future payments are not guaranteed and may not be as large as expected. While this uncertainty provides a rationale for getting the money up front, it also argues for planning for the future by saving and investing.
- A savings approach can help ensure that funds from the tobacco settlement are available for continuing and growing investments in prevention over the long term. Additionally, if out-of-school time and community school initiatives need time to develop political support, then a savings approach preserves revenues for future allocations that may be favorable to these purposes.

C. Decisions on the substantive allocation of the revenues

Governors and state legislatures are ultimately responsible for allocating the tobacco settlement revenues, and many proposals and decisions—especially on the broad purposes for which the funds will be used—are being made at that level. However, in many states, committees, commissions, or task forces have been created to solicit information from the public and to advise the governor and legislature on how the funds should be used. (See examples on Alabama's Children's Policy Councils and Wyoming's Tobacco Settlement Working Committee.)

During the 1999 and 2000 legislative sessions, states introduced and moved to enact legislation that allocated tobacco settlement dollars for a variety of purposes (see Table 1). This legislation can be grouped into several categories according to the purposes it addresses. Broadly defined, these include: health (including children's health, elderly services, health research and the uninsured); tobacco use prevention and cessation; children's services and welfare; K-12 education; tobacco farmers and communities; cancer research; seniors; and other non-health related uses (including debt reduction, highway improvement, water resource and flood control projects).

[9] *For an example of how available revenue changes under different savings scenarios, see Using Tobacco Settlement Revenues for Children's Services: State Opportunities and Actions by Lee Dixon, Patrick Johnson, and Nicole Kendell, National Conference of State Legislatures and Carol Cohen and Richard May, The Finance Project, October 1999.*

TABLE 1

1999 and 2000 State Allocations of Tobacco Settlement Funds, by Category

Purpose	Number of States	Amount Spent
Health care services	38	$3.53 billion
Other uses	16	$1.36 billion
Smoking prevention	35	$754 million
Tobacco grower support	6	$536 million
Children and youth	10	$534 million
Budget reserves	11	$496 million
Education	14	$483 million
Long-term care	12	$269 million
Research	13	$207 million

Source: National Conference of State Legislatures

How state legislatures allocate tobacco settlement funds may vary from year to year, according to state fiscal needs. For example, as the economy slows and state revenues begin to fall—especially in states that are heavily dependent on sale tax revenue—there may be some discussion of using tobacco settlement funds to fill budget holes rather than to support programs and services serving children, youth, and their families. In addition, states may use tobacco funds to supplant current state spending rather than to supplement the range of supports and services provided in the state. Thus, it will be important for community leaders and program developers to follow how your state allocates tobacco settlement funds for the lifetime of the settlement agreement.

Once state leaders have decided on the broad purposes for which the revenues will be used, specific allocations may be made by a variety of other decision makers. For example, funds may be distributed through an existing state agency, such as the health department; through an independent foundation or other board set up specifically to handle the settlement funds; or distributed to local jurisdictions to disburse. Out-of-school time and community school leaders need to be aware of the entities and officials responsible for allocating the tobacco settlement funds and the processes they will use for doing so (e.g., funding programs through a formula, making grants available on a competitive basis) in order to develop their strategies accordingly.

Considerations:

- Your state's political climate toward out-of-school time and community school programs should help you determine whether to advocate funding specific children's populations (e.g., low-income children or children ages 5 to 13) or services (e.g., school-age care) versus broader supports and services for children and youth.
- A key to influencing decisions on the allocation of the tobacco settlement revenues will be to join with others in coalitions. This could include groups of out-of-school time and community school leaders, broader groups of children's and human service providers and advocates, and others interested in promoting preventive programs and approaches (see Strategy 4).
- Allocations for specific purposes—such as for smoking prevention programs aimed at underage smokers—even if anticipated to be delivered through out-of-school time and community school initiatives, may limit programs' flexibility to provide comprehensive community-based services for children and youth.
- In some cases, broader statements of purpose—such as Kansas's goal of funding services or programs that are "...directly or indirectly beneficial to the physical and mental health, welfare, safety, and overall well-being of children..."—may better serve out-of-school time and community school initiatives. Advocating for broader statements of purpose ensures flexibility to respond to changing needs; however, it does not ensure that a particular service or program will be funded.

WYOMING'S TOBACCO SETTLEMENT WORKING COMMITTEE

The Wyoming legislature created the Tobacco Settlement Trust Fund, into which all their settlement funds will be deposited. Interest from the trust fund will be spent only for purposes related to the improvement of the health of Wyoming's citizens. The legislature did not allocate dollars to specific programs; rather, a special committee—Tobacco Settlement Working Committee—was appointed by the governor to make recommendations to the governor and legislature on the allocation of funds in the 2000 legislative session. The committee includes representatives from the state government, health associations, tobacco use prevention advocacy organizations, child advocacy organizations, and tobacco coalition members.

After looking at the needs of the population in Wyoming and the research on prevention strategies, the committee developed a document, *A Strategic Blueprint for Tobacco Use Prevention in Wyoming*, which lays out eleven key elements in deciding how to designate tobacco settlement dollars. The blueprint, which has been adopted by the legislature, includes community programs (after-school and before-school programs), youth leadership and involvement, and school-based efforts as funding priorities for prevention efforts. In the document, the committee states that youth involvement in prevention activities and in school and community leadership roles can provide protective benefits to reduce the risk that a child will engage in experimentation or convert to regular tobacco use. The committee also states that school-based efforts that coordinate with community and media interventions are more likely to succeed.

Making the connection between tobacco settlement dollars and prevention programs, such as after-school programs, is critical when working to influence the allocation of the funds. The Wyoming Committee members focused on highlighting the beneficial outcomes of prevention programs using credible research to emphasize the social and economic benefits of these programs. The committee enlisted professionals with research backgrounds to synthesize the important facts and create short soundbites to communicate their message to the legislature.

For more information, contact: Dr. Diane Galloway, Substance Abuse Division, Wyoming Department of Health, at (307) 777-6494 or dgallo@state.wy.us. Wyoming's Strategic Blueprint can be downloaded at http://wyoming.paxis.org.

Strategies for Accessing Tobacco Settlement Funds

This section presents four strategies to assist policy makers, community leaders, and program developers in accessing tobacco settlement funds for out-of-school time and community school initiatives and discusses considerations for use of each strategy.

Depending on the allocation decisions in your state, out-of-school time and community school initiatives may be able to tap tobacco settlement funds targeted directly to out-of-school time programs (Strategy 1). Alternatively, initiatives may be able to support school-age children and youth through legislation that funds a range of other support and services—for example, health or tobacco use prevention (Strategy 2). In some states and communities, building support for system-level infrastructure costs may be a top priority, and out-of-school time and community school leaders

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may want to focus on strategies to support these costs using tobacco settlement funds (Strategy 3). In addition, initiative leaders may want to join with other prevention programs in order to influence the allocation of tobacco settlement funds and increase the possibility for additional funding (Strategy 4).

The strategies presented are not mutually exclusive and, for maximum effect, they should be used in combination. The following section also provides examples of how some states are managing and allocating tobacco settlement revenues. Given the rapid shifts in state legislation, details of legislative decisions are constantly changing. The various examples are included to highlight different strategies or approaches that states and localities are employing.

1. Making the case for tobacco funds to support out-of-school time programs

In most states, there has been and continues to be tremendous debate around the use of the tobacco settlement revenues. Only a few states and cities have allocated tobacco settlement funds to directly support out-of-school time programs.

Since out-of-school time programs are among many competing interests seeking a portion of the tobacco settlement funds, community leaders and program developers will need to be prepared with persuasive arguments that tobacco settlement funds would be well spent on their initiatives. The message will need to be tailored to the various audiences that out-of-school time leaders come into contact with, such as state decision makers, advocates for child and family services, collaborating organizations, and the general public.

Beyond explaining generally why out-of-school time and community school programs are important and why additional funding is needed, arguments should stress the linkages between the rationale behind the tobacco settlements—to reimburse states for Medicaid and other health costs associated with smoking—and the supports and services offered in out-of-school time and community school programs.

Community leaders and program developers can point to a growing body of research showing that young people involved in community service, peer mentoring, entreprenueurship, leadership, creative arts, and other youth development activities are more likely to stay away from tobacco, drugs, alcohol, and crime.[10] Furthermore, out-of-school time and community school programs reach children at a critical age, when they may start engaging in or developing such risky or unhealthy behaviors. Sharing sound research results of the success and cost-effectiveness of out-of-school time and community school initiatives in a readable and clear manner can help make the connection between these programs and tobacco funds. It may also be effective to highlight that other states are recognizing the opportunity to use the tobacco settlement revenues to invest in prevention strategies such as out-of-school time and community school initiatives. In some cases, policy makers will respond to the argument that they should not let their state be left behind.

Participating in public hearings and submitting written comments and proposals to decision making bodies present important opportunities to make the case for out-of-school time and community school programs to receive tobacco settlement funds. Depending upon your state's decision making process, organizing or campaigning for state ballot initiatives or referendums also can be a powerful, though resource-intensive, way to influence the allocation process.[11]

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[10] *Effective Drug Prevention Strategies for Youth in Community School. Commissioned paper by Joy Dryfoos, Youth Development Institute, Fund for the City of New York, April 2, 1998. For more information on evaluation research for out-of-school time and community school programs, see Evaluation of Community Schools: Findings to Date by Joy G. Dryfoos, Coalition for Community Schools, 2000, available at http://www.communityschools.org/evaluation/evalcontents.html.*

[11] *For more information on ballot initiatives, see From Sand Boxes to Ballot Boxes: Landmark Campaign to Fund Children's Services by Margaret Brodkin and Coleman Advocates for Children. San Francisco: Coleman Advocates for Children, 1994.*

FUND FOR A HEALTHY MAINE

In 1999, the Fund for a Healthy Maine was established to receive 90 percent of the tobacco settlement dollars, with the remaining 10 percent deposited in the Trust Fund for a Healthy Maine. Allocations from the Fund for a Healthy Maine for FY 2000 include:

- $1.2 million for additional school-age child care subsidies for children up to age 15;
- $650,000 for after-school services for youth ages 12 to 15;
- $1.8 million to support incentives for child care providers to offer care during odd hours and in underserved geographic areas, to at-risk children or to children with special needs; and
- $8.35 million for grants to communities and schools to reduce tobacco addiction and use and resulting disease in all populations in the state, with a focus on those at highest risk, such as youth and disadvantaged populations. All grantees must coordinate with the local health care delivery system, education system, and other appropriate community members and organizations.

For more information, contact: Lucky Hollander, Start Me Right c/o Youth Alternatives, at 207-874-1175 or lhollander@youthalternatives.org.

CITY OF SAN DIEGO'S "6 TO 6" EXTENDED SCHOOL DAY PROGRAM

The City of San Diego, in cooperation with the San Diego Unified School District, offers before- and after-school services in every public elementary and middle school within its jurisdiction. The "6 to 6" initiative began two years ago under the guidance of the mayor, who was determined to expand the school day to provide services both before and after school. The program was launched in 31 schools and was funded by $1.7 million in city general funds. The following year, the program expanded to include 64 schools and had a working budget of $7 million, receiving $5 million from the state and $2 million from the city, which includes $1 million in tobacco settlement revenues.

Initially, there was some debate between the city council, which wanted to allocate the tobacco funds to build a new public library, and community organizations, who wanted the funds to support health and youth education services. The groups compromised and the city council agreed to allocate a portion of the tobacco settlement for the "6 to 6" program.

Currently, the "6 to 6" program is located in 194 schools in all 8 school districts in the city. The program is designed to serve 85 to 100 students per elementary school site and 100 to 300 students per middle school site per day. The program includes academic enrichment, youth development, creative and performance arts, leadership opportunities, and community service. In the current fiscal year, San Diego will contribute a total of $4.1 million in city general funds and $2 million in tobacco settlement funds to the "6 to 6" program, matched by $8.5 million in state After School Learning and Safe Neighborhoods Partnership Program funds and $750,000 from a 21st Century Community Learning Center grant.

For more information, contact: Deb Ferrin, Child Care Coordinator for the City of San Diego, at (619) 533-6511, or Steven Arnick, "6 to 6" Program Administrator, at (619) 236-6312 or s2a@sdcity.sannet.gov.

Considerations:

- The earlier you can establish the connection between the tobacco settlement revenues and out-of-school time initiatives, the stronger the assumption will be that those programs should receive a portion of the money.
- Since competition for tobacco funds may be intense, it is important for community leaders and program developers to be sensitive to the potential turf battles that may arise when making the case for out-of-school time initiatives. For example, even

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allies such as health care providers may feel that funds going to out-of-school time programs compete with their opportunity for additional support for their programs.

- A ballot initiative can be an effective strategy if strong public support is present or can be generated. Even the threat of a ballot initiative may raise visibility and encourage political leaders to support your cause. On the other hand, ballot initiatives can be expensive and time-consuming, and require building a statewide network of support.

2. Accessing tobacco dollars to fund other supports and services for school-age children and youth

Given that most state legislatures are not using tobacco funds to directly support out-of-school time initiatives, it is important for community leaders and program developers to identify how their initiative's goals, objectives, programs, and services fit with their state's legislative priorities. Once these are identified, program developers will need to emphasize how their initiative addresses those priorities.

Current trends in state allocations indicate that the vast majority of states are considering using some portion of the tobacco settlement monies to fund programs relating to children's health, tobacco use prevention, K-12 education, and other services for children and youth. Thus, the policy decisions made in your state regarding tobacco settlement revenues may encompass many programs or services for school-age children and youth. These may include, for example, counseling, general health services, reproductive health services, substance abuse prevention, dental care, and health education.

Health initiatives, including tobacco control programs, have been the governors' top priority.[12] Thirty-eight states appropriated a total of $3.5 billion from the tobacco settlement revenues to increase access to care for the working poor and indigent.[13] Initiatives that include or partner to provide school-based or school-linked health services, or those looking to expand the range of services they provide to include health services, should check to see if their state is allocating tobacco dollars for these purposes.[14]

Thirty-five states have earmarked more than $754 million in FY 2000 and FY 2001 for tobacco prevention programs. This includes community- and school-based programs, anti-media campaigns, and tobacco control programs.[15] Community school initiatives provide a variety of supports and services to children, youth and their families, which may include offering many preventive (as well as remedial) services. These initiatives are ideally situated to help promote the healthy development of children, prevent risky and unhealthy behaviors such as smoking, and prevent future public costs of this nature. In order to position their initiatives to receive this funding, it is critical that community leaders and program developers be able to make the connection between their programs and tobacco use prevention.

Ten states have appropriated $534 million to initiate or supplement programs to help children, adolescents, and families. The wide range of programs includes foster care, preschool learning, and juvenile justice. In addition, fourteen states have allocated $483 million for educational purposes that include kindergarten through high school and college. For example, in fiscal year 2002, Alaska will use 40 percent of its tobacco settlement funds to pay the debt service on bonds that will be issued to raise revenue to remodel and refurbish schools throughout the state. Louisiana, Michigan, and Nevada have allocated tobacco dollars to create trust funds in each state to provide scholarships for state residents who attend state community colleges and universities. A few of

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[12] *1999 State Initiatives on Spending Tobacco Settlement Revenues, NGA Center for Best Practices, Issue Brief, January 25, 2000.*

[13] *State Allocation of Tobacco Settlement Funds, National Conference of State Legislatures, Health Policy Tracing Service, August 1, 2000.*

[14] *Initiatives looking to include or expand health and mental health services should also look to maximizing Medicaid funding as an additional way to support health and mental health services. For more information, see Maximizing Medicaid Funding to Support Health and Mental Health Services for School-Age Children and Youth, by Andrew L. Bundy with Victoria Wegener, The Finance Project, October 2000.*

[15] *State Allocation of Tobacco Settlement Funds, National Conference of State Legislatures, Health Policy Tracking Service, August 1, 2000.*

the states, such as New Hampshire, have allocated funds to school districts to address funding deficit problems.[16]

As it becomes clear how the state tobacco settlement funds will be targeted and made available, plan for how your initiative can make the tie to those purposes. Pay close attention to the types of programs that will be funded and the process for obtaining that funding.

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[16] *Ibid.*

TOBACCO SETTLEMENT FUNDS ALLOCATIONS THAT CAN SUPPORT PROGRAMS FOR SCHOOL-AGE CHILDREN AND YOUTH

Children's Health and Welfare

- **Alabama**—The Children First Trust Fund receives a portion of tobacco settlement funds each year (for FY 2001, the fund will receive up to $65 million). Five percent of the Children First Trust Fund is allocated to the Children's Trust Fund (otherwise known as the Alabama Child Abuse and Neglect Prevention Board). The Children's Trust's 4th quarter allocation of $600,000 was distributed through a grant process to 32 programs serving at-risk youth. For FY 2001, the Children's Trust Fund will distribute 50 percent of the funds to family resource centers and 50 percent to community-based programs for at-risk children. These funds will be distributed through a competitive grant cycle. For more information, contact Alicia Lucky at (334) 242-5710.
- **Florida**—In 1999, the state legislature passed Senate Bill 2500, which appropriates $17 million from the general fund and $4.5 million from the tobacco settlement trust fund to aid local governments in funding school health services.
- **Louisiana**—In 1999, voters approved a constitutional amendment that specifies how the tobacco dollars are to be managed. The amendment created two funds, the Louisiana Fund and the Millennium Trust. The Millennium Trust, an endowment in which only the interest on the principal is expended, is divided into three trust funds to support health, education, and tuition programs. The Louisiana Fund receives funds not going to the Millennium Trust, and these funds will be able to be spent each year on initiatives such as early childhood intervention programs, school-based health clinics, and state programs for children's health insurance.

Education

- **Colorado**—Nineteen percent of the tobacco funds received during FY 2001-25 are to be placed in a trust fund for the Read to Achieve program. This program, administered by an eleven-person board, establishes reading academies within schools, after-school literacy classes, summer clinics, and tutoring and extended-day programs. The Read to Achieve grant program makes available $1,100 in new money per pupil for every 3rd grade student reading below proficiency. These funds are in addition to the overall increases of K-12 funding. The funds can be used to purchase reading curriculum, train teachers, pay salaries for summer school or after-school programs, create in-school reading clinics, and fund other efforts to teach children to read.
- **Louisiana**—In addition to the Education Excellence Fund, which receives one-third of the Millennium Trust dollars, ten percent of the tobacco settlement funds for the first three years will be allocated to public schools. The funds will be restricted to expenditures for pre-kindergarten through 12th grade instructional enhancement for students, including early education, remedial instruction (including after-school and summer school programs), and assistance to children who fail to achieve required test scores.

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TOBACCO SETTLEMENT FUNDS ALLOCATIONS THAT CAN SUPPORT PROGRAMS FOR SCHOOL-AGE CHILDREN AND YOUTH

Tobacco prevention and smoking cessation

- **Colorado**—For FY 2001-25, 15 percent of the funds received, but no more than $15 million, are to be placed in a trust fund for the Tobacco Education, Prevention and Cessation program. One-third of the funds is for programs directed at school-age children in tandem with substance abuse prevention efforts. Programs are to include prevention for children and adolescents.
- **Ohio**—In 2000, the legislature approved and the governor signed a bill that placed state tobacco settlement funds into several different endowment funds to be spent over the next 12 years. The act created the Tobacco Use and Cessation Trust Fund, which is managed by the Tobacco Use Prevention and Control Foundation. The foundation is responsible for preparing a plan to reduce tobacco use by Ohians. Part of the plan will specifically describe the types of youth smoking prevention programs to be eligible for funding consideration. Eligible programs include, but are not limited to, school-based education programs and community-based youth programs involving youth smoking prevention through general youth development.
- **New Hampshire**—In 1999, Governor Jeanne Shaheen signed a bill (HB 1594) that appropriated $3 million for community-based and statewide tobacco prevention and cessation programs. The state Department of Health and Human Services received $150,000 to administer the overall program, but most of the money, about $1.25 million, will go toward community-based programs, and another $250,000 for school-based programs and $100,000 for local cessation programs. An advisory committee comprised of legislators, state officials, health advocates, smoking prevention advocates, law enforcement officials, and members of the public will make recommendations to the legislature, governor and public on how the funds should be distributed.

Considerations:

- While many states are leaning towards using tobacco settlement funds to support a wide range of health-related and children's programs, the legislation may not specifically refer to out-of-school time and community school initiatives. Program developers may want to advocate for legislation that is flexible enough to encompass many of the individual programs and services that are part of an out-of-school time or community school initiative.
- Assess whether planning new activities that complement your existing efforts or partnering with other organizations would create greater opportunity to access tobacco settlement funds. Think critically about the costs—monetary and otherwise—and the benefits of such a strategy.
- Anti-smoking advocates are seeking to have state legislatures adopt the Centers for Disease Control and Prevention's (CDC's) "Best Practices" guidelines for funding programs.[17] Program developers who are interested in positioning their initiative to access tobacco funds for smoking cessation and prevention programs should be familiar with CDC guidelines to build a stronger argument.

[17] *Best Practices for Comprehensive Tobacco Control Programs, Centers for Disease Control and Prevention, U.S. Department of Health and Human Services, Centers for Disease Control and Prevention, National Center for Chronic Disease Prevention and Health Promotion, and Office on Smoking and Health, August 1999.*

3. Using tobacco funds to build infrastructure

In addition to direct program costs, the costs of out-of-school time and community school initiatives include a number of infrastructure costs—costs associated with the underlying support services or systems that make the direct programming possible. System-level infrastructure may include planning, coordination, evaluation, and the provision of technical assistance. It may also include establishing requirements for licensing and training in programs. Even though many states are funding efforts to create and/or expand the supply of programs serving school-age children and youth, there has been limited support to build system-level infrastructure at the city and/or state level. Consequently, many initiatives find that these components are often the most difficult to finance.

The flexibility of tobacco settlement funds may provide community leaders and program developers an opportunity to fund these costs. Community leaders and program developers will want to examine if their state's plan for the use of tobacco settlement revenue is flexible enough to cover the costs of various infrastructure elements. For example, Maine's legislature allocated $278,000 of tobacco settlement funds to support systemic child care quality improvements such as increased wages for providers, as well as training and facilities improvement. Community leaders and program developers will need to make the argument that upfront investments in infrastructure will have both long-term social and financial benefits for their community. And given that many states are still just beginning to establish allocation processes and procedures for tobacco funds, there is an opportunity for community leaders and program developers to raise awareness for the need to support system-level infrastructure.

ALABAMA'S CHILDREN'S POLICY COUNCILS: CREATION OF A PLANNING INFRASTRUCTURE

In 1999, the Alabama legislature created the Alabama 21st Century Fund, into which tobacco settlement revenues would be deposited. A portion of the tobacco revenues received each year will be transferred from the 21st Century Fund into the Children First Trust Fund, the Alabama Senior Services Trust Fund, and the Medicaid Trust Fund. The Children First Trust Fund is administered by the Department of Children's Affairs. The Commissioner of Children's Affairs serves as the Chairman of the Alabama Children's Policy Council. Under Governor Siegelman, the Children's Policy Council was created to include a variety of children's services, health services, and advocacy representatives.

In order to be responsive to local needs and resources, Children's Policy Councils will be established within each county. The county Children's Policy Councils, chaired by the county juvenile court judge, includes representatives from state and local government service providers and a minimum of seven community members. These community members may include community organizers, business and industry leaders, and representatives of organizations providing services to families and children in the county.

Both the state and local councils will be responsible for identifying areas of duplication between state agencies providing children services, suggesting ways to remedy the situations, and recommending how funding for children should be allocated within their community. Each year, the legislative body will make decisions on the allocation of Children's Trust Fund dollars based on the findings of the Children's Policy Councils as recommended by the governor.

For more information, contact: Pamela Baker, Department of Children's Affairs, at (334) 353-1095.

Considerations:

- While policy makers may feel pressure to invest in direct services rather than infrastructure, it is important to make the case that those investments in services for school-age children and youth will not yield as many benefits if they do not also support general system infrastructure.

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- If your state is spending more of their tobacco settlement funds upfront on current needs, rather than saving or investing, then a good use of those funds could be for large one-time funding to build or increase infrastructure.

4. Join with others.

Joining in coalitions is another way that out-of-school time and community school leaders can influence decisions on how tobacco settlement revenues are spent. Coalitions can include groups of out-of-school time and community school leaders, broader groups of children's and human service providers and advocates, youth-serving organizations, law enforcement officials, health and mental health advocates, and others interested in promoting preventive programs and approaches.

Coalitions enhance the pool of influence and resources at your disposal, and gain broader public and private support for their efforts through the constituencies that each partner represents. Joining with other organizations can also help gain access to tobacco settlement funds if your program is not an eligible recipient of the allocations, or when collaboration can help strengthen an application for the funds.

Each coalition member operates in a unique environment, bringing different strengths, knowledge, and resources to the mix. The key to engaging partners is understanding what benefits they will gain from joining the coalition, then appealing to their self-interest. Success requires coalition leaders who act as change agents by clearly communicating the goals of the coalition and building a broad base of support. Coalition members bring visibility to the coalition by obtaining media attention and sharing information at public events such as town meetings or hearings.

THE INFLUENCE OF COALITIONS ON THE ALLOCATION OF TOBACCO SETTLEMENT REVENUES

In 1999, the Maine legislature passed an appropriations bill (1999, PL401) that established the Fund for a Healthy Maine and the Trust Fund for a Healthy Maine. The legislation required that tobacco settlement funds address health care needs, that a portion of the funds be set aside in a trust fund, and that the allocations supplement, not suppiant, appropriations from the General Fund.

In the early months of 2000, there were great debates over how the dollars in the Fund for a Healthy Maine would be allocated, with the Governor supporting one bill and the House Speaker supporting another. The Governor supported using the tobacco dollars for a variety of services, but reserved a large sum from the fund ($18 million) to pay existing Medicaid expenses. The Speaker's bill proposed allocations for smoking prevention and cessation programs, expanding the state's health insurance to cover working parents of Cub Care kids (children who receive state Medicaid and CHIP services), expanding the state's prescription drug program for seniors and the disabled, and investing in quality day care, year-round Head Start programs, and home visiting programs for new parents.

The Speaker's proposal was supported by a large and diverse group of coalitions. One of the advocacy groups influential in helping to pass the Speaker's bill was Start ME Right, a statewide coalition dedicated to establishing and maintaining a continuum of early childhood care, early childhood education and parenting education and support. The coalition included child care and home visiting providers, parents, law enforcement officials, businesses, and after-school advocates. Start ME Right launched a grassroots campaign encouraging local citizens to call their legislators and voice their support for the Speaker's plan. Supporters of the bill wrote letters to the editor and op eds in local papers to gain public support and enlisted consumers, businesses and others to testify at public hearings. Start ME Right received a 3-year grant from the Orchard Foundation to fund their efforts.

Key to the success of the campaign was making the connection between tobacco settlement dollars and investments in child care, home visiting, smoking prevention, after-school services, substance abuse treatment, and expanded access to health care as a means of improving health outcomes. It was also critical to highlight how investing tobacco settlement funds in supports and services for children and youth would yield long-term social and financial benefits for the state.

For more information, contact: Lucky Hollander, Start ME Right c/o Youth Alternatives, at (207) 874-1175 or lhollander@youthalternatives.org.

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Considerations:

- Organizations may be reluctant to form a coalition, for fear that their specific issues and goals will be lost in the bigger goal of the coalition. Coalition leaders will have to work to ensure that everyone involved in the group has a clear understanding of the goals and intended outcomes of the coalition.
- Forming coalitions takes time and resources. Coalition projects typically take longer than projects undertaken by a single entity because time has to be dedicated to relationship-building and developing consensus. Finding the funds to support coalition building and maintenance efforts can also be difficult.
- Whether you want to make your coalitions fairly homogeneous or diversified will depend on the political climate in your state. Out-of-school time and community school initiatives operating in states where policy makers are favorable to their programs may want to keep their coalitions fairly homogeneous. Diverse coalitions, on the other hand, can draw from a broad range of perspectives, resources and expertise, thus enabling your issue to have a more powerful voice.

Conclusion

Tobacco settlement funds, as part of an ever-changing policy and fiscal landscape, have great potential for supporting out-of-school time and community school initiatives. The long-term nature of the revenue stream and the flexibility of the funds provide states and communities with a critical opportunity to increase their funding of supports and services for children, youth, and their families. There is still a great deal of opportunity for policy makers, program developers, and advocates to influence the decisions states will be making on the allocation of the tobacco settlement funds. Out-of-school time and community school leaders have opportunities over both the short and long term to voice their concerns and priorities regarding the use of these monies. Success depends on their ability to articulate how out-of-school time and community school programs and services can fit with policy priorities in order to increase funding opportunities.

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Resources on Accessing Tobacco Settlement Funds to Support Out-of-School Time and Community School Initiatives

Publications of The Finance Project

Using Tobacco Settlement Revenues for Children's Services: State Opportunities and Actions by Lee Dixon, Patrick Johnson, Nicole Kendell, Carol Cohen and Richard May (October 1999)

Other Resources

1999 State Initiatives on Spending Tobacco Settlement Revenues, Health Policy Studies Division, NGA Center for Best Practices (2000).

Show Us the Money: An Update on the States' Allocation of the Tobacco Settlement Dollars, Campaign for Tobacco-Free Kids, American Cancer Society, American Heart Association and the American Lung Association (2000).

State Allocation of Tobacco Settlement Funds: FY 2000 and FY 2001, National Conference of State Legislatures, Health Policy Tracking Service (2000).

State Legislatures Focus on Children, Health Care with Tobacco Settlement Monies, National Conference of State Legislatures, News Release, March 8, 2000.

State Tobacco Settlement Funds and Child Abuse Prevention Programs: Accessing a New Funding Source by John Peller, Prevent Child Abuse America (1999).

Contact Information for Additional Resources:

American Legacy Foundation
(202) 454-5555
http://www.americanlegacy.org

Center for Social Gerontology
National Center for Tobacco-Free Older Persons
(734) 665-1126
http://www.tcsg.org

Center for Tobacco Free Kids
(202) 296.5469
http://tobaccofreekids.org

Children's Defense Fund
(202) 628-8787
http://www.childrensdefense.org

Federal Funds Information for States
(202) 624-5382
http://www.ffis.org

The Finance Project
(202) 628-4200
http://www.financeproject.org

National Association of Attorneys General
(202) 326-6000
http://www.naag.org

National Conference of State Legislatures
Health Policy Tracking Service
(202) 624-3567
http://www.ncsl.org/programs/health/tobacco.htm

National Governors' Association
(202) 624-7820
http://www.nga.org/Health/TobaccoActivity.asp

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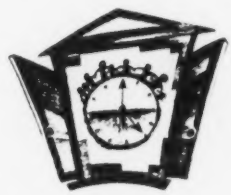
The Finance Project

The Finance Project is a non-profit policy research, technical assistance and information organization that was created to help improve outcomes for children, families, and communities nationwide. Its mission is to support decision making that produces and sustains good results for children, families, and communities by developing and disseminating information, knowledge, tools, and technical assistance for improved policies, programs, and financing strategies. Since its inception in 1994, The Finance Project has become an unparalleled resource on issues and strategies related to the financing of education and other supports and services for children, families, and community development.

The Out-of-School Time Technical Assistance Project

This tool is part of a series of technical assistance resources on financing and sustaining out-of-school time and community school initiatives developed by The Finance Project with support from the Wallace-Reader's Digest Funds. These tools and resources are intended to assist policy makers, program developers and community leaders in developing financing and sustainability strategies to support effective out-of-school time and community school initiatives.



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